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Outcomes of the in-depth reviews carried out by the Conference of European Statisticians Bureau

Results of the consultation on the outcomes of in-depth reviews

Note by the Secretariat

Summary

This note summarizes the comments by members of the Conference of European Statisticians on outcomes of in-depth reviews carried out by the Bureau of the Conference. The secretariat conducted the electronic consultation in March 2014.

A total of 28 replies were received in response to the request for comments: from 26 countries and 2 international organizations.

In view of the support expressed through the electronic consultation, the Conference is invited to endorse the outcomes of the in-depth reviews on Big Data, entrepreneurship statistics and measuring social protection.

The Conference will also be invited to discuss the role of National Statistical Offices related to leading, composite and sentiment indicators. The Bureau will discuss the possible way forward in this area in October 2014 based on the feedback received from the consultation and the discussion at the CES plenary session.

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I. Introduction

1. This note summarizes the comments by members of the Conference of European Statisticians (CES) on the outcomes of in-depth reviews carried out by the CES Bureau in October 2013 and January 2014. The electronic consultation was conducted by the Secretariat in March 2014.

2. The purpose of the reviews is to improve coordination of statistical activities in the region of the United Nations Economic Commission for Europe (UNECE), identify gaps or duplication of work, and address emerging issues. These reviews focus on strategic issues and highlight concerns of statistical offices of both a conceptual and coordinating nature.

3. A total of 28 replies were received in response to the request for comments. The following 26 countries and 2 international organization replied: Austria, Belarus, Canada, Czech Republic, Denmark, Finland, France, Georgia, Hungary, Israel, Italy, Latvia, Lithuania, Mexico, Netherlands, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, the former Yugoslav Republic of Macedonia, Turkey, United Kingdom, United States, Organisation for Economic Co-operation and Development (OECD) and the Eurasian Economic Commission.

II. Comments on the in-depth review on leading, composite and sentiment indicators

A. General comments

4. The following general remarks were made during the consultation:

(a) Austria and Mexico note that production of leading, composite and sentiment indicators by national statistical offices (NSOs) is of great importance as they can ensure high quality standards. However, statistical offices may need to invest more into quality assurance of these kinds of indicators in the future. Austria refers to the Report by Stiglitz et al (2008) noting that composite indicators might not be useful in the realm of social indicators as the focus in social issues is rather on aggregation and thus on indicator scoreboards;

(b) Finland and Canada reported producing a set of leading indicators especially on the economy. Finland has also developed a set of leading indicators (Findicators) together with the main users, and prefers in general the use of a set of indicators to producing one composite indicator;

(c) Italy notes that producing leading indicators can be considered as a task for official statistics. Regarding composite indicators, it is important to avoid misinterpretation by disseminating exhaustive metadata of the methodology used. Since many statistical offices produce sentiment indicators, Italy sees "soft" and "hard" data as complementary, and notes that conducting both types of surveys at statistical offices can provide synergies;

(d) In Latvia producing composite and sentiment indicators has become part of the regular work of the statistical office. Sometimes composite indicators show direction better than a scoreboard of many separate indicators, and make it easier to compare progress of countries over time. For example the people at-risk-of-poverty or social exclusion (AROPE) indicator has proven to be useful during the economic crisis;

(e) Sweden and Slovakia have experienced a rising demand for leading and business consumer surveys as they provide timely information for effective decision making. These surveys can be used with short-term business statistics for macroeconomic forecasting or as a benchmark for quarterly flash estimates of Gross Domestic Product (GDP);

(f) Switzerland notes that regardless of the strong demand for composite indicators, producing them would require additional resources and entail subjective decisions on weights that may not be easy to align with the principles of official statistics;

(g) OECD pointed out that the range of topics covered in the in-depth review is broad and the document remains general for a focused discussion on NSOs' role. The use of econometric modelling within statistical institutes is an issue for many NSOs and Central Banks, although most economic and social indicators published by NSOs already rely on sophisticated techniques (e.g. imputation). It is important that the communication around these indicators be very clear, with reference made to documentation on data collection, data sources, compilation methods, confidence intervals and expected revisions.

B. Views on the possible way forward

5. Most countries and organizations express support to both streams of further work, firstly to the idea to organize a workshop or seminar on leading, composite and sentiment indicators, and secondly to establishing a small international group to:

(a) Define national statistical offices' role (and its boundaries) with regard to leading, composite and sentiment indicators;

(b) Design communication strategies for national statistical offices for dealing with issues related to these indicators.

6. Latvia and Sweden consider it useful to organize a workshop or seminar before establishing a small international group. Italy, Mexico and Turkey, however, support the idea of establishing a small international group rather than organizing a workshop or seminar.

7. Countries and organizations made the following suggestions regarding priority areas for future work:

(a) Many countries noted that further methodological work should also aim at developing an internationally agreed taxonomy of these indicators and related methodologies.

(b) Italy and The former Yugoslav Republic of Macedonia suggested designing communication strategies for NSOs with regard to leading, composite and sentiment indicators. Mexico agrees that the international group should discuss the strategy for dissemination, but also review methodologies and approaches, in particular relating to economic growth cycles. Lithuania explicitly mentions that, at the first stage, the work should identify the role of national statistical offices with respect to these indicators.

(c) Several countries and organizations (for example Canada, Denmark, Israel, Lithuania, Slovakia and OECD) mention that international work towards harmonizing the work for example by drafting recommendations and practical guidelines on the compilation of leading, composite and/or sentiment indicators would be useful. Canada and Denmark note that it should be left to each country to determine where the production of the indicator is best done. Therefore, any guidelines should be directed to all producers of statistics (private and public). It seems that additional economic composite indicators are not needed, but the work should review the feasibility of establishing a framework for the development

of a wellbeing indicator. Israel notes that the methodological work should involve key partners, such as central banks.

(d) Italy, Hungary, Sweden and Switzerland would give priority to work on economic leading indicators, for example on GDP or to nowcasting techniques in general. This is because statistical offices are already familiar with many related methods and timeliness continues to be a big challenge for statistics. Italy and Mexico would also find it useful to define criteria for the types of composite indicators that could be produced by official statistics. Mexico emphasizes the need for collaboration with the academia in identifying the criteria and list of potential leading indicators that could be produced with the involvement of statistical offices.

(e) Portugal doubts the usefulness of international work in the field of composite and leading indicators. However, it would be important to make methodological information available for users when these indicators are produced.

(f) Spain proposes to start by carrying out a study on the different methodologies and their differences from traditional methodologies used in statistical production.

III. Comments on the outcome of the in-depth review of Big Data

8. The responding countries support the outcome of the in-depth review on Big Data.

9. Several countries emphasise the challenge that Big Data presents for official statistics (Czech Republic, Finland, Latvia, Turkey). Establishing priorities in this area is considered very important (Spain). Austria and the Czech Republic underline the need to clearly define how Big Data could be used and how the results derived from Big Data could be integrated into other statistical data and the publication process.

10. Several countries note that collaboration and coordination of work at international level in this area is essential (Canada, Portugal, Turkey). The work of the High-Level Group and the Task Team on Big Data is of crucial importance in this respect. Canada points out that the work has begun, for example through the UNECE sprint sessions that discussed prioritisation of the activities of the proposed project on Big Data under the High-level Group on Modernisation of Statistical production and Services.

11. Countries agree with the idea that the related technical issues can be solved using the help of the private sector (Italy, Latvia). The need for NSOs to share their experience on the IT infrastructure that can support the use of Big Data is emphasised (Italy). Turkey calls for urgent action by statistical offices and proposes exploring new solutions, such as storing Big Data on cloud servers set up by governments.

12. Several countries stress that the main challenges are related to legal and financial issues (Austria, Lithuania, USA). The United States note: "The greatest concern with Big Data may not be methodological. Instead, legislative components regarding access to and use of data, managing the public trust, and the related issue of financial impact are somewhat greater concerns. As an example of financial impact, some websites disallow the use of webscraping without specific approval by the site's owner. Without specific legislation, the cost for international statistical agencies to contact website owners and receive this permission, in addition to other costs charged for such access, could be significant. As nation states support the global internet infrastructure, their agencies should not be charged or incur the cost for access to what we consider a "public good." Therefore, perhaps Big Data access is a more immediate concern than methodological concerns, since the latter could not be well explored without access to the data." Austria notes that the additional IT expenses should also be considered.

13. The need to collect practical experiences and case studies on the use of Big Data is emphasised (Finland, Italy). Italy underlines in particular the usefulness of case studies describing use scenarios, benefits and risks, and concrete experiences in the field. Finland notes: "In general, the Big Data hype raises a lot of talk but very little concrete, real big data examples - or samples. Thus, it seems that the main challenge for official statistics is to get that data first even though we can already foresee what kind of problems could rise if we had Big Data on a specific field. Indeed, as raised in the paper, legal aspects are very relevant; Open Business Data are not much mentioned these days. Clearly, the real Big Data cases are the ones any global or national project on Big Data would need.

14. Creating an environment for using Big Data might help in reacting and being able to measure current phenomena rather than carrying consistent time series over time. Perhaps, even still applications on specific subject-matter areas are relevant. What if national statistical office produced and planned an application that would be interesting and attractive for the general audience of mobile users? It is worthwhile to note that such application does not have to be Big Data but it could help such communities participating in the big data challenge.

15. As Big Data comes in such a huge challenge for official statistics it becomes much easier to mix it with a general challenge to find new data sources (for enriching official statistics) and new ways to produce statistics (GIS) in which Big Data could play only a part. But first we have to see case studies and find the Big Data."

16. The comments provided by countries will be taken into account in further work on Big Data under the CES, including in the project under the High-level Group on Modernization of Statistical Production and Services.

IV. Comments on the outcome of the in-depth review of entrepreneurship statistics

17. All responding countries and organizations support the outcome of the in-depth review of entrepreneurship statistics, the issues raised in the discussions and the conclusions presented in the in-depth review paper (ECE/CES/2014/8 and Add.1). Further work in this area is welcome.

18. OECD and Eurostat, as recommended by the CES Bureau will prepare a proposal for possible future activities on entrepreneurship statistics. A meeting of the joint OECD-Eurostat Entrepreneurship Indicators Programme will be held on 12 May to take stock of the work accomplished so far. The meeting will also discuss methodological approaches for the development new indicators. The meeting will be open to participants from member countries of UNECE, Eurostat, OECD and partners.

19. Countries emphasise that good quality statistical business registers are essential for the quality and comparability of entrepreneurship statistics (Canada, Italy, Latvia, Mexico, Portugal and Turkey). Therefore, the Task Force on Statistical Business Registers should consider those challenges of entrepreneurship statistics that relate to business registers. The joint Eurostat/OECD Entrepreneurship Indicators Programme (EIP) has done important work in developing a harmonised set of indicators. Latvia and Italy see a need to harmonise data further.

20. Spain and United States express some concern about harmonising the statistical units of data collection on entrepreneurship. The approach should be feasible and robust enough for collecting relevant information from complex enterprises.

21. Italy welcomes the establishment of a Task Force on entrepreneurship statistics. United States points out that creating a new Task Force on entrepreneurship statistics may

be a bit premature given the current developing operationalization of entrepreneurship and limited amount of existing national statistical practices in this area. Canada is planning to set up an internal expert group in Statistics Canada on entrepreneurship statistics.

22. Finland and United States provide detailed comments on different aspects of entrepreneurship statistics (measuring self-employed, conceptualisation of entrepreneurship, harmonising across countries, etc.). Canada and France comment on the relation of the work with Wiesbaden Group.

23. All comments will be forwarded to the relevant groups and taken into account in further work in this area.

V. Comments on the outcome of the in-depth review of measuring social protection

24. The responding countries agree with the conclusions and recommendations presented in the in-depth review document on measuring social protection, and welcome continuation of efforts to harmonize the international definitions and classifications (Canada, Israel, Latvia, Lithuania, Mexico, Netherlands, Portugal, Spain, Switzerland, Turkey). Italy emphasises that it is an important area that requires adoption of broad and strategic measures. Finland considers measurement of social protection a challenge although the Nordic countries have monitored and measured social services for a long time.

25. Mexico and Turkey recommend to start with developing a small set of internationally comparable indicators on social protection.

26. Italy, Portugal, Spain, Switzerland and Turkey refer to the ESSPROS initiative as a good tool to harmonise social protection statistics. Portugal notes that its comparability with other initiatives could be further improved, including with the OECD SOCX.

27. Canada proposes that one dimension of the work of the CES Task Force on Poverty Measurement could focus on the social protection mechanisms.

28. Several countries point out that further work in this area should address the challenges faced by less developed statistical systems (Canada, Italy).

29. The CES Bureau could consider organising a seminar on this topic (Portugal) but its content and format should be clearly defined (Canada).

VI. Proposal

30. Given the support by countries, the Conference is invited to endorse the outcomes of the in-depth reviews on Big Data, entrepreneurship statistics, and measuring social protection.

31. The secretariat will forward the detailed comments by countries and organizations to the authors of in-depth review papers and the relevant Task Forces to be taken into account in further work.